

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4830-01
Bill No.: HB 1140
Subject: Public Service Commission; Water Resources and Water Districts
Type: Original
Date: April 1, 2014

Bill Summary: This proposal specifies that any water supply district in St. Charles County shall be placed under the auspices of the Public Service Commission for rates, charges or other fees.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Public Service Commission Fund	(\$178,889)	(\$211,735)	(\$213,907)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$178,889)	(\$211,735)	(\$213,907)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Public Service Commission Fund			
	3	3	3
Total Estimated Net Effect on FTE	3	3	3

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	(\$2,250,000)	(\$2,250,000)	(\$2,250,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development - Office of the Public Counsel** state that this proposal would expand existing legislation so that at all water districts in counties with a charter form of government with more than 300,000 but less than 450,000 inhabitants would be added to the jurisdiction of the Public Service Commission. The legislation greatly expands the type of regulated utility and as a result, the number of affected customers and expands the number of cases that will have to be examined and analyzed. At this time it appears that Public Water Supply District Number 2 in St. Charles County is the only entity that will become subject to Public Service Commission jurisdiction (and therefore come under Public Counsel's purview), but there could be others in the future. Public Water Supply District Number 2 has over 75,000 customers now, and projects very rapid growth for the foreseeable future. Currently, approximately 50,000 customers take water and sewer service from utilities (other than Missouri American Water Company) regulated by the Public Service Commission. None of those utilities (again, with the one exception of Missouri American Water) are even one-tenth of the 75,000 customer size.

This proposal will create significant additional responsibilities for Public Counsel's staff requiring the addition of 3 FTE's with specific professional expertise to address the complex legal, economic and financial issues that will be raised by this legislation. This legislation significantly expands the jurisdiction of the Public Service Commission and also expands existing statutory authority. This expansion results in new regulatory issues currently not addressed. The legislation greatly expands the type of regulated utility and as a result, the number of affected customers and expands the number of cases that will have to be examined and analyzed. The legislation will require additional technical expertise in order to consider all relevant factors consistent with case law on setting rates for a previously unregulated water district now under the jurisdiction of the Public Service Commission.

Officials from the **Department of Economic Development - Public Service Commission** assume the current proposal would not fiscally impact their agency.

Officials from the **St. Charles County Public Water Supply District #2** state that additional amounts would be legally required per year to be funded by rate increases. This proposal would cause increased and higher bond interest costs to the district of \$2,250,000 per year. In addition, tens of thousands of dollars in banking, bond counsel and legal fees would be incurred to help prevent defaults on existing bonds.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
PUBLIC SERVICE COMMISSION FUND			
<u>Costs - DED - OPC</u>			
Personal Service	(\$113,700)	(\$137,804)	(\$139,182)
Fringe Benefits	(\$57,993)	(\$70,287)	(\$70,990)
Equipment and Expense	(\$7,196)	(\$3,644)	(\$3,735)
<u>Total Costs - DED - OPC</u>	<u>(\$178,889)</u>	<u>(\$211,735)</u>	<u>(\$213,907)</u>
FTE Change - DED - OPC	3 FTE	3 FTE	3 FTE
ESTIMATED NET EFFECT ON PUBLIC SERVICE COMMISSION FUND	<u>(\$178,889)</u>	<u>(\$211,735)</u>	<u>(\$213,907)</u>
Estimated Net FTE Change on the Public Service Commission Fund	3 FTE	3 FTE	3 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
ST. CHARLES COUNTY PUBLIC WATER SUPPLY DISTRICT #2			
<u>Cost - Bond Interest</u>	<u>(\$2,250,000)</u>	<u>(\$2,250,000)</u>	<u>(\$2,250,000)</u>
ESTIMATED NET EFFECT ON ST. CHARLES COUNTY PUBLIC WATER SUPPLY DISTRICT #2	<u>(\$2,250,000)</u>	<u>(\$2,250,000)</u>	<u>(\$2,250,000)</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

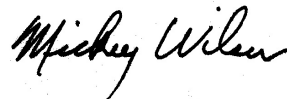
FISCAL DESCRIPTION

This proposal specifies that certain public water supply districts will be under the jurisdiction of the Missouri Public Service Commission for rates, charges, or other fees. Currently, the proposal will only apply to public water supply districts in St. Charles County.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Office of the Public Counsel
Public Service Commission
St. Charles County Public Water Supply District #2



Mickey Wilson, CPA
Director
April 1, 2014

Ross Strobe
Assistant Director
April 1, 2014